

Top Secret 233

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday September 8, 1976

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State Dept. review completed

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National Intelligence Daily Cable for Wednesday September 8, 1976

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

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[] A high-level delegation of Lebanese Christian Phalangists led by Pierre Jumayyil met with Syrian President Asad on Monday, and extremist Christian leader Camille Shamun is scheduled to be in Damascus for consultations today, as the Syrians continue their preparations to ensure a smooth transfer of power to Lebanese president-elect Sarkis.

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[] The leftists' radio in Beirut said yesterday that Asad and Jumayyil had discussed the possibility of Syrian military action before Sarkis' inauguration. The problems of rebuilding the Lebanese army and choosing a new prime minister and cabinet after Sarkis takes over were reportedly also discussed. The leftists' radio contended that the Syrians are urging that the swearing-in ceremony for Sarkis be held at Shatrah, a Lebanese town well within Syrian-controlled territory.

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[] //When Shamun talks to Asad today, he is expected [] to press his standard demand that the Palestinians be totally disarmed before any further negotiations are held. Shamun remains skeptical about the prospects for peace and would clearly prefer to resume the Christians' offensive operations.//

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[] Palestine Liberation Organization leader Yasir Arafat and Lebanese leftist leader Kamal Jumblatt met with other Palestinians and leftists in Beirut on Monday to discuss a "new Syrian peace plan" brought back by Arafat's envoys from Damascus over the weekend. The group rejected the Syrian plan for a tripartite meeting of Syria, the Palestinians, and "legitimate Lebanese authorities" as an old proposal.

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[] The Lebanese leftist radio reported that Arafat and Jumblatt also discussed the "ramifications" of the Arab League's decision to postpone its summit conference on Lebanon until late October. The two leaders are undoubtedly unhappy with the postponement.

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[] The Christians continue their heavy shelling of Palestinian-held villages in the Mount Lebanon area and, after a period of relative calm, shelling has increased in Beirut. Fighting elsewhere remains at a generally low level. []

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OPEC: End of Economic Boom

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[] The period of explosive import growth has ended for most OPEC countries. OPEC merchandise imports totaled \$15.9 billion in the second quarter of 1976--up only moderately from the \$14.5 billion in the previous quarter.

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[] The \$1.4-billion overall growth in the second quarter masks quite divergent trends within OPEC. Saudi Arabia alone accounted for more than half of the growth of OPEC imports. Saudi purchases rose from \$2 billion the first quarter to \$2.8 billion in the second. Import growth was sluggish in most other OPEC countries and actually declined in Iraq.

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[] With the exception of the Arabian peninsula producers--Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar--the value of imports in each OPEC country in the first two quarters was below past quarterly peak levels. Import volume was also down in six of the OPEC producers--Algeria, Iran, Iraq, Libya, Venezuela, and Nigeria.

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[] Import volume reached new quarterly highs in Indonesia and Ecuador, but spending was down marginally because import prices still had not regained former levels.

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[] Prices paid by OPEC countries for imports peaked in the first quarter of 1975 and declined at a 9-percent annual rate before turning around in the fourth quarter. Since then they have been rising at a 5-percent annual rate.

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[] Oil prices increased less than import prices from the beginning of 1974 until October 1975, but last autumn's 10-percent price hike in oil made up most of the difference. From the beginning of 1974 to June 1976, OPEC import prices rose 18.5 percent, while the price of an average barrel of OPEC crude rose 15.5 percent.

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[] The OPEC countries have a very different impression of price trends of the foreign goods they purchase. Any price data they have would reflect the heavy transportation and insurance charges that result from long waiting times at their clogged ports, but few OPEC countries have even these figures. They probably rely on general impressions gained from the final cost of imported goods.

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[] These final prices have risen explosively since early 1974 because of wastage--running as high as 50 percent for some goods at ports in Africa and the Middle East--and the large markups added by wholesalers and retailers. []

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ANGOLA-PORTUGAL: Relations

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[] Portuguese Prime Minister Soares has told US Ambassador Carlucci that Angolan leaders indicated a "strong desire" to re-establish diplomatic relations with Portugal in talks last week with a visiting Portuguese Socialist Party delegation.

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[] Relations between the two countries were broken off last April amid charges by Angola that Portugal was supporting opponents of the Popular Movement.

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[] The Angolans, according to Soares, indicated they felt they had been pushed into too close a relationship with the USSR and now wanted to develop a more independent position.

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[] Soares said the Angolans even spoke of a possible "privileged relationship" for Portugal. They apparently are in need of technical assistance and are anticipating the return of Portuguese technicians. The Angolans also made the point that Portugal could help them establish links with Europe and contacts that would facilitate Angola's admission to the UN.

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[] There are nevertheless still a number of issues standing in the way of improved relations between Angola and Portugal. The Angolan government is detaining a number of Portuguese citizens on charges of political and economic sabotage and has confiscated numerous Portuguese properties in Angola.

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[] The exchange of views last week was on a party-to-party basis rather than between officials of both governments. Nevertheless, both sides publicly proposed re-establishing diplomatic relations following the talks, and government-level exchanges can be expected in the near future.

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[] The Angolans' eagerness to restore relations with Portugal appears motivated by a growing sense of isolation from the West. They probably regard ties with Portugal as the best

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means to end that isolation and hope that European support will balance Angola's close ties with Moscow and Havana and overcome US objections to admission to the UN.

25X1 [] The minority Socialist government in Lisbon has promised to cultivate close ties with all Portuguese-speaking nations, and the restoration of relations with Angola will give it a needed foreign policy success. The Portuguese also probably hope to alleviate the economic strain caused by the influx of more than 600,000 refugees from the territories by sending some of them back to Angola. []

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MEXICO: Prisoner Exchange Proposal

25X1 [] Mexican President Echeverria's proposed legislation to allow foreigners to serve jail terms in their own countries is designed in part to put pressure on the US to speed negotiations for a prisoner exchange.

25X1 [] //The Mexicans first proposed such an exchange to US officials some months ago, and it has been rumored among US prisoners in Mexico for some time. The development of the legislation was doubtless hastened by a hunger strike by US prisoners that began yesterday.//

25X1 [] //Slightly over 600 US citizens are in Mexican jails, most of them charged with drug use or trafficking. The prisoners called the hunger strike to protest what they felt was a reluctance on the part of both countries to negotiate an exchange agreement and to protest prison conditions and mistreatment by Mexican prison authorities and police.//

25X1 [] //The proposed legislation, which was sent to the Mexican congress on Monday, would give the President the power to sign treaties with other nations to allow a transfer of sanctions under which prisoner exchanges could be carried out. Although the legislation is certain to be passed by the congress, the Mexicans are no doubt aware that major changes in US law would be required before the Mexican initiative could be accepted.// []

ROMANIA-YUGOSLAVIA: Ceausescu Visit

25X1 [] Romanian President Ceausescu arrives in Belgrade to-day, both sides having apparently set aside the problems that reportedly forced several postponements of the four-day visit.

25X1 [] Arrangements--including the resolution of protocol difficulties--were probably made in Belgrade in late August, when Romanian party secretary Stefan Andrei met with Stane Dolanc, the number-two man in the Yugoslav party. []

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25X1 [] Ceausescu and Tito will probably coordinate their strategies on:

--Implementing the Helsinki agreements and preparing for the Belgrade follow-on conference in 1977.

--Developments in the European communist movement, and especially the role of the independent parties.

--Balkan cooperation, and the latest Greek initiative on this issue.

--Romania's future within the nonaligned movement.

25X1 [] The two leaders will probably also discuss Romania's current attempts to play up to the Soviets, and Ceausescu will seek to reassure Tito that Bucharest has not fundamentally altered its independent stance.

25X1 [] Despite their differences, both sides have presumably concluded that it is in their best interest to act jointly to forestall Soviet meddling. The Yugoslav press was accordingly depicting a united front on the eve of the visit.

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[redacted] On Monday, an authoritative commentator noted that "there is not a single unresolved problem" that could hamper the talks, and major newspapers proclaimed that Yugoslavia and Romania share "identical or similar views" on all international issues. [redacted]

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[REDACTED]

GREECE-TURKEY: Sismik

25X1 [REDACTED] Greece has apparently decided once again not to interfere with the research activities of the Turkish ship Sismik I in contested waters of the Aegean.

25X1 [REDACTED] Athens protested the Turkish move in a demarche to the US but did not request any new action by Washington.

25X1 [REDACTED] In a speech in Thessaloniki, Prime Minister Caramanlis hinted that despite the sensitivity of the present area of research of the Turkish ship, Greece would be ready to resume a dialogue with Ankara when the ship completed its mission. His conciliatory approach has been criticized in some quarters, and Caramanlis sought to assure his audience that he would defend the country's interests and honor should the occasion arise.

25X1 [REDACTED] Radical leftist leader Andreas Papandreou is the only major Greek politician to take public exception to Caramanlis' handling of the latest Turkish move in the Aegean.

25X1 [REDACTED] The Turkish government has evidently prevailed on the domestic press to play down news of Sismik's activities. The Demirel government apparently believes its approach so far has rendered ineffective opposition charges that it lacks resolve, and it also seemed confident even before Caramanlis' speech that the Greek leader would back off from a confrontation.

25X1 [REDACTED] Prime Minister Demirel may still try to exploit the Sismik's activities to improve his position vis-a-vis his political opponents and to try to coerce Caramanlis into agreeing to bilateral negotiations.

25X1 [REDACTED] The Sismik is expected to complete its current operations on September 25. [REDACTED]

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